



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Senator Chuck Grassley  
Senate Finance Committee  
Hearing on the Nomination of Susan C. Schwab  
to be United States Trade Representative  
Tuesday, May 16, 2006

It's my pleasure to welcome Ambassador Schwab to the Committee today. It's almost seven months to the day that the Committee met to consider Ambassador Schwab's nomination to her current position of Deputy United States Trade Representative. Since being confirmed to that position last November, she's been very busy indeed. Ambassador Schwab has successfully concluded trade agreements with Peru and Colombia, as well as the core terms of a softwood lumber accord with Canada which I will turn to in a moment. Separately, Ambassador Schwab has actively engaged in the development of U.S. strategy in the ongoing negotiations of the Doha Development Round in the World Trade Organization. This is a critical time in those negotiations. We need to achieve substantial progress in a very short period of time if we're to succeed in getting an agreement before Trade Promotion Authority expires next year. As I've said recently, I do not expect Trade Promotion Authority to be renewed beyond June 30, 2007.

I've been monitoring the Doha negotiations closely. I've thought long and hard about why we aren't further along in the negotiations. One of my concerns is that unilateral preference programs serve as an obstacle to advancing the negotiations. For example, Brazil and India derive great benefits under our Generalized System of Preferences program, or GSP. And they're also two of the countries most responsible for holding up the Doha negotiations. Maybe they and other GSP beneficiaries feel they don't need a Doha agreement since the status quo serves their interests. This leaves me frustrated. As a result, I'll likely oppose the extension of the GSP program, which is due to expire at the end of this year. If GSP is extended, I'll work to see that the eligibility requirements are tightened, so some countries can expect to be removed from the program. I want to make it clear that any extension of GSP will not be a continuation of the status quo. I hope that with GSP termination looming, Brazil, India, and other beneficiary countries will work harder to see that the Doha negotiations are concluded successfully.

I also referred to the softwood lumber accord recently concluded between the United States and Canada. I've expressed my disappointment in that accord to Ambassador Schwab. In my view, it doesn't do much for the American consumer. So, looking ahead, I urge Ambassador Schwab to make it a priority to conclude negotiations with the Canadians on "exit ramps," so that the terms of the accord can be set aside as soon as possible.

Apart from Doha, this is an exciting time in American trade policy. We're about to commence negotiations with two major trading partners – South Korea and Malaysia. These negotiations will present new challenges, particularly in addressing regulatory and other non-tariff

barriers to trade. I commend the governments of each of those countries for their foresight. Robust trade agreements that bring about real market access liberalization will invigorate their economies and put them on a path of greater economic prosperity. We also need to continue to encourage meaningful regulatory reform in other major trading partners such as Japan and China. I'm confident that Ambassador Schwab will effectively meet each of the many challenges she'll face as our next Trade Representative. Her skills, experience, and positive energy make it evident that she's the right person for the job. I look forward to working with her to advance the President's trade agenda, and I hope to see Ambassador Schwab confirmed to her new position as quickly as possible.